

Inc., Extreme Tool's predecessor, was on the brink of closing its Ironwood operations.

For its employees, the loss of employment would force the skilled workers to relocate in order to support their families. Knowing they had the expertise and ability to be competitive in the world marketplace, four of its employees purchased the facility from the parent company and created Extreme Tool and Engineering, Inc. Since purchasing the company, they have been able to diversify and expand their customer base and product line. With the assistance of their lender and USDA Rural Development, they have successfully established themselves in a competitive market and saved jobs, as well as added new jobs, in an area desperately in need of them.

The following overviews describe the three Rural Development agencies and their main programs.

■ Rural Business-Cooperative Service

Creation of viable new and improved businesses and cooperatives in rural America is the top priority of the Rural Business-Cooperative Service (RBS). This agency works through partnerships with public and private community-based organizations to provide financial assistance, business planning, and technical assistance to rural businesses. It also conducts research into rural economic issues, including rural cooperatives, and provides educational material to the public.

Business and Industry (B&I) Loan Guarantees help to finance rural business and industry projects that create employment opportunities and improve the economic and environmental climate in rural communities, including pollution abatement and control. Loan guarantees are made for projects that foster sustained community benefits and open private credit markets. Priority for B&I loan guarantees is given to applications for loans from rural areas or cities of 25,000 or less, with loans limited to areas that are not located within the outer boundary of a city having a population of 50,000 or more and the immediately adjacent urbanized area. Loans are limited to \$25 million for any one borrower.

Under the B&I Guaranteed Loan Program, the **Cooperative Stock Purchase Authority** provides financial assistance for the purchase of startup cooperative stock for family-sized farms where the commodities are produced to be processed by the cooperative.

Direct Business and Industry (B&I) Loans are made to public, private, and cooperative organizations, Indian tribes or tribal groups, corporate entities, or individuals to finance businesses within economically deprived communities. The program provides economic stimulus which helps rural areas in greatest need.

Intermediary Relending Program Loans finance business facilities and community development projects in rural areas, including cities of less than 25,000. Loans to intermediaries support the establishment of new business facilities and community development projects in rural areas.

Rural Economic Development Loans and Grants promote rural economic development and job creation projects, including feasibility studies, startup costs, and other reasonable project expenses. The maximum amount of a grant is \$330,000 while the maximum amount of a loan is \$450,000. Loans have a maximum term of 10 years and are repaid without interest. These loans and grants are available to existing RUS electric and telecommunications borrowers.

Rural Business Enterprise Grants help public bodies, nonprofit corporations, and federally recognized Indian tribal groups finance and develop small and emerging private business enterprises located in rural areas. Grants may be used to acquire and develop land and to construct buildings, plants, equipment, access streets and roads, parking areas, and utility and service extensions. In addition, funds may be used for refinancing, fees for professional services, technical assistance, startup costs and working capital, financial assistance to a third party, production of television programs targeted to rural residents, and rural distance-learning networks.

Rural Cooperative Development Grants finance the establishment and operation of centers for cooperative development. The program enhances the economy of rural areas by developing new cooperatives and fostering improved operations for existing co-ops.

The **Appropriate Technology Transfer for Rural Areas** program provides information to farmers and other rural users on a variety of sustainable agricultural practices, including crop and livestock operations. It helps agriculture by giving reliable, practical information on production techniques and practices that reduce costs and that are friendly to the environment.

The **National Sheep Industry Improvement Center** promotes strategic development activities to strengthen and enhance production and marketing of sheep, goats, and their products in the United States. The center, which has a board of directors to oversee its activities, operates a revolving fund for loans and grants.

The **Research on Rural Cooperative Opportunities and Problems** program provides funding for cooperative research agreements with universities, State agencies, and nonprofit associations. Information and research findings from these projects are published by the institution or by USDA Rural Development.

Cooperative Services helps improve the performance of the Nation's cooperatives and promotes understanding and use of the cooperative form of business. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs for production supplies and consumer goods, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperative Services accomplishes its mission by (1) responding to requests for technical assistance from rural residents who want to organize a cooperative or improve operations of an existing cooperative; (2) providing information and educational materials relating to cooperatives; (3) conducting research on cooperative financial, structural, managerial, policy, member governance, legal, and social issues; and (4) collecting and disseminating statistics to support research and technical assistance work.

Rural Business Opportunity Grants can be made to provide technical assistance training and planning for business and economic development in rural areas.

Cooperative Solutions for Rural Challenges

USDA has a long history of promoting cooperatives—businesses that are owned and controlled by the people who use them. Co-ops help rural people maintain control of local resources and improve their standard of living. In the United States, there are an estimated 40,000 cooperatives that do everything from helping farmers market and process their crops to providing electricity and credit services.

Cooperatives are organized by people who want to: (a) improve their bargaining power, (b) reduce their costs for goods or services, (c) obtain products or services otherwise unavailable to them, (d) expand their marketing opportunities, (e) improve their product service or quality, or (f) increase their income.

For 65 years, USDA has been providing ideas and leadership to the cooperative community through its prize-winning magazine, “Rural Cooperatives,” published bimonthly. Each issue carries news, features, and columns that report on issues impacting cooperatives and highlighting successful co-op practices. USDA Rural Development also provides the public with more than 100 publications and videos about cooperatives—ranging from “How to Start a Cooperative” to “Tax Treatment for Cooperatives.” To order a free publication and video catalog or to request a magazine subscription order form, call (202) 720-8381.

■ Rural Housing Service

Decent, safe, sanitary, affordable housing and essential community facilities are indispensable to vibrant rural communities. USDA’s Rural Housing Service (RHS) has the responsibility to make these essential elements available to rural Americans. RHS programs help finance new or improved housing for more than 60,000 moderate- or low-income families each year. These programs also help rural communities finance construction, enlargement, or improvement of fire stations, libraries, hospitals, medical clinics, day care centers, industrial parks, and other essential community facilities.

Home Ownership Loans provide assistance to low-income households in rural communities, helping them to purchase, construct, repair, or relocate a home. Borrowers are offered 33-year direct loans at fixed interest rates with annual subsidy to bring the effective interest rate to as low as 1 percent, depending on the family’s adjusted income. Moderate-income rural residents can be assisted with loan guarantees offered through private lenders at terms up to 30 years. The loans, both direct and guaranteed, can cover up to 100 percent of market value or acquisition cost, whichever is less.

Home Improvement and Repair Loans and Grants enable very low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Loans have a maximum interest rate of 1 percent. Grants are available for people age 62 and older who cannot afford to repay a loan. A combination of funds from a loan and grant can be used by eligible elderly residents. Housing preservation grants are made to nonprofit groups and government agencies to finance rehabilitation of rental units for low-income residents.